

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 3/19/2014

GAIN Report Number: IT1406

Italy

Post: Rome

Italy's Wine Makers Seal the Bottle on a Very Good Year

Report Categories:

Wine

Approved By:

Christine Sloop

Prepared By:

Ornella Bettini

Report Highlights:

Italy's CY 2013 wine production is estimated at 44.9 Mhl, 12 percent more than the previous campaign thanks to ideal weather conditions that allowed for extended hang time and flavor development, especially of the white grape varieties.

Italy's Wine Overview

Production

Italy's CY 2013 wine production is estimated at 44.9 Mhl, 12 percent more than the previous campaign thanks to ideal weather conditions that allowed for extended hang time and flavor development, especially of the white grape varieties. Wine production increased by 30 percent in Apulia and Sicily; 20 percent in Lombardia; 15 percent in Piedmont, Trentino Alto Adige, Emilia Romagna, and Sardegna; 10 percent in Veneto, Abruzzo, and Campania; and 5 percent in Friuli Venezia Giulia, Tuscany, and Marche. Only Lazio and Umbria registered a decrease of 20 percent, respectively. Veneto, Emilia Romagna, Puglia, and Sicily together produced approximately 62 percent of total output. The harvest started early August in Puglia and Sicily, and ended in November, reaching its peak during the last week of September and early October. November saw the last contributions to the 2013 harvest with Valtellina's Nebbiolo, Alto Adige's Cabernet, Campania's Aglianico, and the late harvested native vines on Etna's slopes.

Reportedly, quality is excellent for white wines. However, there are some uncertainties regarding red wines produced from the grapes harvested early October, as the rainfall over the Peninsula thwarted the end of some varieties ripening and anticipated the harvesting of others. About one-third of Italy's wine production is Controlled Appellation (DOC and DOCG) - mostly from the Northern and, to a lesser extent, Central regions. According to industry contacts, the most popular grape varieties for red wine are *Montepulciano*, *Barbera*, *Sangiovese*, and *Merlot*. *Tocai* is the most popular choice of white wine and *Montepulciano* for rosé. In white wine, other popular grapes are *Prosecco*, *Chardonnay*, and *Pinot Grigio*. In rosé, *Pinot Noir* and *Negroamaro* grapes experienced an increase in their popularity over CY2012.

Consumption

Wine consumption has been declining in Italy for decades. Causes for the trend include changing lifestyles and tastes, as well as anti-alcohol drinking campaigns. According to the Italian Association of Enologists (Assoenologi), Italy's CY 2013 per capita wine consumption is estimated to be less than 40 liters, considerably lower than the 45 liters in 2007 and 110 liters in the 70s. Recent wine consumer surveys show that Italian origin and familiarity with the winery are the main elements in determining consumer choice. Despite economic austerity measures, Italian wine consumers are seeking higher quality wines but still in the modest price range. However, in general, consumer preferences are gradually shifting to other alcoholic beverages such as beer, liqueurs, and spirits. This trend is more noticeable when discussing occasional and out-of-home consumption than daily consumption, which is still centered on wine.

Trade

Italy's wine exports are expected to increase by 11 percent to \$6 billion in 2013, thanks to increased exports to the United States (+10.4 percent), Germany (+10.5 percent), and the United Kingdom (+20 percent). The United States is expected to remain the leading destination for Italian wine, reaching \$1.3 billion during 2013. The next most important destinations are Germany (\$1.2 billion), the United Kingdom (\$757 Mln), and Switzerland (\$378 Mln). An interesting trend in international wholesale prices shows that there was a 12 percent increase in the average price of Italian wine per liter during the first 6 months of 2013, reaching €2.38 per liter. Italy's wine imports are expected to increase by 9.3 percent to \$384 Mln in 2013, thanks to the increased supply from Spain (+21 percent), the United States (+35 percent), South Africa (+3,163 percent), and Australia (+527 percent). France (\$166 Mln), Spain (\$107 Mln), and the United States (\$58 Mln) are the leading suppliers to the Italian market, accounting for 85.5 percent of total imports.

Italian wine exports

	000 HL			\$ Mln		
	2011	2012	2013 Jan-Nov	2011	2012	2013 Jan-Nov
EU-28	16,560	14,491	12,820	3,253	3,145	3,252
Germany	6,942	6,111	5,428	1,273	1,227	1,236
United Kingdom	2,977	2,876	2,685	707	686	757
France	1,089	944	845	151	160	169
Sweden	356	419	436	136	157	172
Denmark	397	356	368	197	161	165
Extra EU-28	6,423	6,491	5,760	2,824	2,848	2,848
United States	2,864	2,889	2,681	1,300	1,279	1,296
Switzerland	674	698	610	369	383	378
Canada	679	710	647	353	363	348
Japan	372	441	389	165	198	186

Russia	686	531	393	163	127	134
World	22,983	20,982	18,580	6,077	5,993	6,100

Source: GTA

Promotion

In Italy, funds for promotion from the EU wine Common Market Organization totaled €49 Mln in CY 2011, €65 Mln in CY 2012, and €102 Mln in CY 2013. Funds have been used to participate in fairs, shows, workshops, and wine tastings in the United States, the United Kingdom, Canada, Switzerland, and Japan. Moreover, the largest Italian wine trade show Vinitaly also promotes Italian wines in foreign markets (U.S., Russia, Hong Kong, etc.) through Vinitaly International. For more information, please visit: <http://www.vinitalyinternational.com/>

Abbreviations and definitions used in this report

Harmonized System (HS) codes:

Grape wine total: 2204

HL = Hectoliter = 100 liters

Mhl = Million Hectoliters

Ha = Hectares

CY = Calendar Year; wine production of a specific CY refers to the wine made from the wine grapes harvested in that CY. I.e. 2013 production refers to wines made from grapes harvested in Fall 2013.

DOC= Denomination of Controlled Origin

DOCG= Denomination of Controlled and Guaranteed Origin

PDO = Protected Denomination of Origin

PGI = Protected Geographical Indication